

Paragould Light, Water and Cable

April 18th, 2005

Ms. Marlene H. Dortch
Office of the Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

via electronic filing

Re: American Cable Association Petition for Rulemaking, RM-11203

Dear Ms. Dortch:

On behalf of Paragould Light, Water & Cable, I write to express our strongest support for ACA's petition for rulemaking on retransmission consent. We operate a City owned Cable Company that serves customers in smaller, rural areas, and I can verify that the petition accurately describes the upcoming retransmission consent crisis. Broadcasters, including those in my markets, have made it clear that they will force us to charge an additional \$5 to \$6 per subscriber per month for basic cable, to cover new demands of cash for carriage. ACA's solution to this problem is pro-competition, pro-consumer, and deregulatory. It will benefit the consumers served by my company and will help keep down the costs of basic cable.

Provided below is some information about my company and why we think the Commission needs to grant ACA's petition.

Company background

Paragould Light, Water & Cable is a municipal owned system that came about due to the high rates that Cablevision Systems were charging the citizens of Paragould. The city of Paragould, Arkansas, began building its own not for profit cable system in 1989 and went into direct competition with Cablevision in 1990. By consistently offering lower rates, in 1997 the remainder of Cablevision's customers was bought out. We now have over 10,000 customers with close to 99% penetration, due to the rates we charge (example, \$27.49 for 70 channels). We offer digital cable, broadband services, and have recently launched high definition services. All of these upgrades have been completed in house and at a loss, but we continue to strive to give our customers what they want.

The broadcasters' demands for several more dollars per month presents a major problem for us. During the last retransmission negotiations one broadcaster demanded that we pay \$0.52 a sub to continue to carry the channel, and it was decided that to keep the cost of rates down, the channel would be dropped. Two more broadcasters, who will demand cash and

additional programming carriage, have already approached us. Unfortunately the customer is the one who suffers from this. Because our margins are so thin we have no choice but to continue to pass these cost onto the customer

Why we support ACA's Petition

Basically, all that ACA asks for is a right for us to shop and only when a broadcaster demands a price for retransmission consent. In my markets, I know this will work to lower the cost of retransmission consent for my customers.

First, I know that I could obtain network programming at a lower cost from other broadcasters. I can do this by receiving signals from neighboring markets.

Second, if the broadcasters in my market know alternatives exist, I am confident I will be able to negotiate a lower price. That works in every type of transaction, and it will work in retransmission consent.

As stated in the petition, the problem is not that broadcasters demand a "price" for retransmission consent. The problem is that they block our ability to find lower-cost alternatives. The petition shows how this problem will easily cost consumers and smaller cable operators upwards of \$1 billion next year. In my market, demands will cost my company and our subscribers at least \$500,000 per year depending on what the broadcaster chooses.

By making the limited changes requested by ACA, the Commission will bring some market discipline to retransmission consent "pricing." This will help to keep our costs down and will benefit our consumers.

Our concern for localism

As a final point, I want the Commission to know that we support local broadcasting and prefer to carry our local broadcasters. We currently provide over 200 hours of local programming on our cable system. We understand the importance of local programming, but we also understand how much our customers are willing to pay for it. The problem is the higher prices being demanded by more and more owners of these stations. Most often the owners are based in corporate headquarters hundreds or thousands of miles away. Frankly, they don't care about localism. They just want our customers' money.

We fully support a fair exchange of value for carriage of local signals. But when broadcasters demand a "price," we need the ability to "shop" to get a "price" that fairly reflects the value of the signal. Please act on ACA's Petition as soon as you can.

Sincerely,

_____/s/_____
Johnny Estes

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